

State of New Jersey  
Division of Gaming Enforcement  
License No. 5764-70  
Vendor No. 50432  
ORDER # 00015

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In the Matter of the Renewal Application  
of Korn/Ferry International for a Casino  
Service Industry Enterprise License or  
for Exemption From Such Licensure

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: Civil Action  
:  
: ORDER  
:  
:

The Division of Gaming Enforcement (Division), having initially objected to the renewal licensure of Korn/Ferry International (Korn/Ferry) for a casino service industry (CSI) enterprise license, pursuant to *N.J.S.A. 5:12-80b, -80d and 86b* and Korn/Ferry having subsequently filed a petition seeking an exemption from licensure on June 4, 2010 pursuant to *N.J.S.A. 5:12-92c(3)(ii)*, and the Division and Korn/Ferry having entered into a Stipulation of Settlement filed with the Casino Control Commission (Commission), CCC Docket No. 10-0108-SR; and jurisdiction of this matter having transferred from the Commission to the Division effective February 1, 2011; and the Director of the Division having considered this settlement;

IT IS on this 16<sup>th</sup> day of March, 2011, ORDERED that the Stipulation of Settlement, which is fully incorporated herein by reference, is APPROVED; and

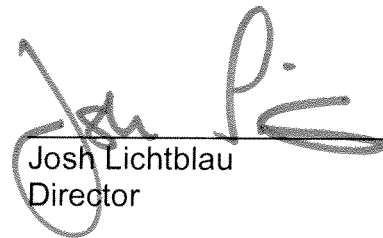
IT IS FURTHER ORDERED that Korn/Ferry will pay a civil penalty, pursuant to *N.J.S.A. 5:12-129a(5)*, in the amount of \$4,000.00 thereby resolving the non-cooperation outlined in the Stipulation of Settlement and the February 2, 2010 letter report of the Division; and

IT IS FURTHER ORDERED that the June 4, 2010, petition filed by Korn/Ferry

seeking an exemption from licensure pursuant to *N.J.S.A. 5:12:12-92c(3)(ii)* and *N.J.A.C. 19:51-1.13*, is DISMISSED as moot as a result of the statutory amendments to the Casino Control Act on February 1, 2011; and

IT IS FURTHER ORDERED that as a result of the statutory amendments to the Casino Control Act on February 1, 2011, the CSI license formerly held by Korn/Ferry is automatically converted to a vendor registration, and that before Korn/Ferry conducts any new business with any New Jersey casino licensee or applicant, an updated vendor registration form SHALL be filed with the Division.

State of New Jersey  
Division of Gaming Enforcement



Josh Lichtblau  
Director

Paula T. Dow  
Attorney General of New Jersey  
Department of Law and Public Safety  
Division of Gaming Enforcement  
Josh Lichtblau, Director  
140 East Front Street  
Trenton, NJ 08625  
(609) 984-2478

By: Louis S. Rogacki, Deputy Attorney General

Sills Cummis & Gross P.C.  
Attorneys for Applicant  
The Legal Center  
One Riverfront Plaza  
Newark, NJ 07102  
(973) 643-7000

By: Kenneth F. Oettle, Esq.

STATE OF NEW JERSEY  
CASINO CONTROL COMMISSION  
DOCKET NO. 10-0108-SR

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IN THE MATTER OF THE )  
APPLICATION OF KORN/FERRY )  
INTERNATIONAL FOR RENEWAL )  
LICENSURE AS A CASINO SERVICE )  
INDUSTRY ENTERPRISE OR FOR )  
EXEMPTION FROM SUCH LICENSURE )  
\_\_\_\_\_ )

STIPULATION OF  
SETTLEMENT

The issues in the above-captioned matter having been discussed by and among the parties involved, Paula T. Dow, Attorney General of New Jersey, Department of Law and Public Safety, Division of Gaming Enforcement (hereinafter "Division"), Respondent, by Louis S. Rogacki, Deputy Attorney General, and Korn/Ferry International (hereinafter "Korn/Ferry" or "applicant"), through its attorney, Kenneth F. Oettle, Esq., and said issues having been resolved by and

between the Division and applicant, it is hereby consented to and agreed by and between said parties that:

1. Korn/Ferry applied to the Casino Control Commission (hereinafter "Commission") for renewal licensure as a Casino Service Industry ("CSI") enterprise pursuant to *N.J.S.A. 5:12-92c*. The Division attempted to conduct an investigation into the applicant's qualifications for renewal licensure. During the investigation, the Division, as well as members of Commission Staff, made several attempts to contact the applicant regarding the status of its application and to obtain further information with regard to its qualifiers/investors. The applicant did not respond to any of those requests.

2. By letter report dated February 2, 2010 (a copy of which is attached hereto and incorporated herein as Exhibit "A"), the Division recommended to the Commission that the renewal CSI license application of Korn/Ferry be denied because the applicant had failed to cooperate.

3. Subsequent to the Division's objection letter, the Division received a letter dated March 19, 2010, from the applicant's new Deputy General Counsel, indicating that the applicant was now aware of the previous attempts at contact with his predecessor (who was now no longer with the company) and asking for an opportunity to comply with the previous requests and to continue with the renewal application process.

4. Counsel then spoke to Commission staff and inquired about Korn Ferry's regulatory options. One such option included filing a petition seeking exemption pursuant to *N.J.S.A. 5:12-92c(3)(ii)*, which Korn/Ferry filed on June 4, 2010. The petition averred that Korn/Ferry's stock is traded on the New York Stock Exchange and that it files regular reports with the Securities and Exchange Commission ("SEC"). On its Form 10-K filed with the SEC

for the fiscal year ended April 30, 2009, Korn/Ferry reported "total revenue" of \$676,128,000. According to Commission records, combined sales with the Atlantic City casino industry totaled \$221,521 for the twelve-month period ending April 30, 2009. In support of its petition for exemption Korn/Ferry acknowledged that should its business with the Atlantic City casinos exceed the *N.J.S.A. 5:12-92c(3)(ii)* threshold, it will file a new non-gaming CSI license application if asked to do so.

5. The Division and Korn/Ferry agree and stipulate to the following description of events:

- a. On May 15, 2006, Korn/Ferry applied for renewal of its non-gaming CSI license (CSI# 5764-70/VN # 50432).
- b. In connection with this renewal application, Korn/Ferry submitted institutional investor certifications for three companies, Barclays Global Investors ("Barclays")(8.16%), T. Rowe Price Associates, Inc. ("TRP") (9.6%) and Royce and Associates, LLC. ("Royce")(10.52%).
- c. Because the ownership in Korn/Ferry by Barclays and TRP was less than 10%, the Commission, by letters dated July 31, 2008, granted the request that they be waived from qualification as beneficial owners of Korn/Ferry.
- d. In a letter dated April 10, 2008, the Commission informed Korn/Ferry that due to Royce's ownership of more than 10% of its outstanding stock, a petition would be required seeking a waiver of qualification.
- e. No petition was filed.
- f. Christopher D. Storcella, the Commission's Director of Licensing, made several attempts to contact Ms. Nickie Duong, the former Associate General Counsel for

the applicant, by telephone. When no response was received to his calls, Mr. Storcella sent a November 19, 2009 letter to Ms. Duong, seeking to discuss the application. No response was received to Mr. Storcella's November 19<sup>th</sup> letter.

- g. As a result, on December 22, 2009, the Division sent a letter that informed the applicant of its legal duty to cooperate and the consequences of its failure to do so. That letter was sent certified mail and was signed for by a representative of the applicant. This letter requested a response within two weeks of its receipt by the applicant. No response was received.
- h. On February 2, 2010, the Division filed its recommendation letter in connection with this renewal application, outlining Korn/Ferry's failure to cooperate with the investigation. The letter recommended that the Commission deny the renewal CSI licensure of Korn/Ferry. Korn/Ferry did not attempt to contact the Division or Commission upon receipt of this recommendation letter.
- i. On March 12, 2010, the Commission sent a letter to Korn/Ferry notifying it of its right to a hearing based on the Division's recommendation.
- j. On March 19, 2010, the Division was finally contacted by Jonathan M. Kuai, Esq., the new Deputy General Counsel, who indicated that he was in receipt of the Commission's March 12<sup>th</sup> letter and was now aware of the previous attempts by the Commission and Division to contact Korn/Ferry. Mr. Kuai explained that all previous correspondence had been going to his predecessor, who was no longer with the company and had not been "for the past few months".
- k. By letter dated May 14, 2010, Kenneth F. Oettle, Esq., set forth for the Division and Commission the circumstances surrounding Korn/Ferry's failure to cooperate

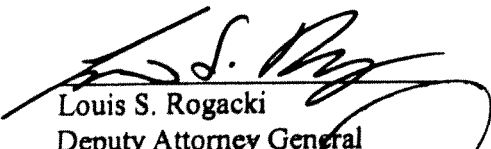
and the fact that new in-house legal counsel, in conjunction with Mr. Oettle, would now be handling this matter going forward.

- l. *N.J.S.A. 5:12-80b* provides, in pertinent part, that all applicants “shall provide all information required by this act and satisfy all requests for information pertaining to qualification and in the form specified by the commission”.
- m. *N.J.S.A. 5:12-80b* provides, in pertinent part, that all applicants “shall have the continuing duty to provide any assistance or information required by the commission or division, and to cooperate in any inquiry or investigation conducted by the division...” Should an applicant fail to comply with a “formal request to answer or produce information...the application...may be denied or revoked by the commission”.
- n. Korn/Ferry has offered to pay a civil penalty, pursuant to *N.J.S.A. 5:12-129(5)*, based on the non-cooperation set forth in “d”, “e”, “f”, “g” and “h” above.
- o. Through this Stipulation of Settlement, Korn/Ferry is withdrawing any previous request for hearing with regard to the issue of non-cooperation.
- p. On June 4, 2010, Korn/Ferry, a publicly traded company, filed a petition seeking exemption from non-gaming CSI licensure pursuant to *N.J.S.A. 5:12-92c(3)(ii)* and *N.J.A.C. 19:51-1.13*.
- q. The Division has conducted a review of the petition and its supporting documents and finds that the amount of revenue Korn Ferry receives from the Atlantic City casino industry falls below the “one tenth of one percent of all revenues” standard established for exemption. *N.J.A.C. 19:51-1.13(a)2ii*.

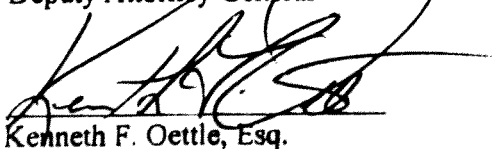
IT IS THEREFORE consented to and agreed upon by the Division and Korn/Ferry that:

- A. The facts stated herein are true and accurate.
- B. Korn/Ferry will pay a civil penalty, pursuant to *N.J.S.A. 5:12-129(5)*, in the amount of \$4,000 thereby resolving its non-cooperation with the Commission and Division.
- C. Having resolved the issue of non-cooperation and having had the opportunity to review its June 4, 2010, petition for waiver, the Division recommends that the Commission grant the petition of Korn/Ferry seeking an exemption from licensure pursuant to *N.J.S.A. 5:12-92c(3)(ii)* and *N.J.A.C. 19:51-1.13*.

The undersigned consent to the form and entry of the above Stipulation.

  
Louis S. Rogacki  
Deputy Attorney General

Dated: 1/4/11

  
Kenneth F. Oettle, Esq.  
Counsel for Korn/Ferry International

Dated: 12/20/10



*State of New Jersey*

Chris Christie  
*Governor*

Kim Guadagno  
*Lt. Governor*

Office of the Attorney General  
Department of Law and Public Safety  
Division of Gaming Enforcement  
P.O. Box 047  
Trenton, NJ 08625-0047

Paula T. Dow  
*Acting Attorney General*

Josh Lichtblau  
*Director*

February 2, 2010

Honorable Linda M. Kassekert  
Chair  
Casino Control Commission  
Arcade Building  
Tennessee Avenue & The Boardwalk  
Atlantic City, NJ 08401

RE: Korn Ferry International  
Applicant for Renewal Licensure as a Casino Service Industry  
CSI # 5764-70/VN # 50432

**DGE RECOMMENDATION:**

☐ GRANT

☒ DENY

☐ NO POSITION

Dear Chair Kassekert:

Korn Ferry International, (hereinafter "applicant") applied to the Casino Control Commission (hereinafter "Commission") for renewal licensure as a casino service industry pursuant to N.J.S.A. 5:12-92c. As mandated by N.J.S.A. 5:12-76, the Division of Gaming Enforcement attempted to conduct an investigation into the applicant's qualifications for a license. Additionally, the Commission made several attempts to contact the applicant during the course of the Division's investigation regarding the status of its application and its qualifiers. However, the applicant failed to reply to Commission and Division staff and the Division was unable to complete the investigation because the applicant has failed to cooperate.

Regarding the most recent attempts to contact the applicant, Christopher D. Storcella, the Commission's Director of Licensing made several attempts to contact Nickie Duong,



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Honorable Linda M. Kassekert  
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February 2, 2010

Associate General Counsel for the applicant. When no return call was received to his numerous calls, Mr. Storcella sent a letter to Mr. Duong, dated November 19, 2009, seeking to discuss the application. *Exhibit A*. No response was received to Mr. Storcella's numerous telephone calls or to his November 19, 2009 letter.

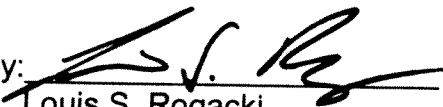
On December 22, 2009, DAG Louis S. Rogacki sent a letter which informed the applicant of its legal duty to cooperate and the consequences of its failure to do so. *Exhibit B*. That letter was sent certified mail and was signed for by a representative of the applicant. As of the date of this report, no representative of the applicant has contacted the Commission or Division regarding its failure to respond.

Having received no reply from the applicant, the Division has no alternative but to recommend that the application of Korn Ferry International, be denied because of failure to cooperate with Commission as well as the Division's investigation. See *N.J.S.A. 5-12:80b, -80d and -86b*.

Thank you for your consideration of this matter.

Respectfully submitted,

JOSH LICHTBLAU  
DIRECTOR

By:   
Louis S. Rogacki  
Deputy Attorney General

LSR/

c: Members of the Commission  
Vanessa Roberts, Senior Analyst, Enterprise License Bureau

Korn Ferry International (CERTIFIED MAIL, RETURN RECEIPT REQUESTED)  
1900 Avenue of the Stars, Suite 2600  
Los Angeles, CA 90067



**State of New Jersey**  
**CASINO CONTROL COMMISSION**  
TENNESSEE AVENUE AND BOARDWALK  
ATLANTIC CITY NJ 08401

JON S. CORZINE  
*Governor*

LINDA M. KASSEKERT  
*Chair*

November 19, 2009

MICHAEL C. EPPS  
SHARON ANNE HARRINGTON  
WILLIAM T. SOMMEILING  
*Commissioners*  
(609) 441-3422

Nickie Duong  
Associate General Counsel  
Korn Ferry International  
1900 Avenue of the Stars, Suite 2600  
Los Angeles, CA 90067

**RE: KORN/FERRY INTERNATIONAL**  
**(VRF# 50432; LOG# 5764-70)**

Dear Mr. Duong:

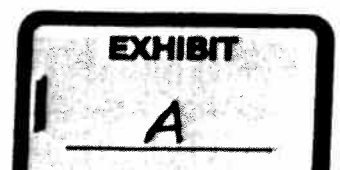
I have tried to contact you a number of times via telephone regarding Korn Ferry International's Casino Service Industry License application with no success. Please contact me at (609) 441-3441, at your earliest convenience, to discuss this matter.

Sincerely,

Christopher D. Storcella  
Director  
Division of Licensing

dmm

c: Donald Hamer, Principal Analyst  
Louis Rogacki, DAG, DGE





*State of New Jersey*

Jon S. Corzine  
*Governor*

Office of the Attorney General  
Department of Law and Public Safety  
Division of Gaming Enforcement  
P.O. Box 047  
Trenton, NJ 08625-0047

Anne Milgram  
*Attorney General*

Josh Lichtblau  
*Director*

December 22, 2009

Nickie Duong, Esquire  
Associate General Counsel  
Korn Ferry International  
1900 Avenue of the Stars, Suite 2600  
Los Angeles, CA 90067

RE: Failure to Respond to Request for Information -  
Korn Ferry International  
CSI No.: 5764-70  
Vendor No.: 50432

Dear Mr. Duong:

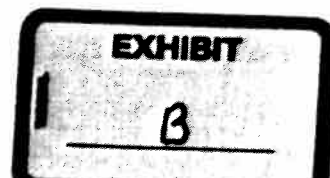
Korn Ferry International has filed an application with the Casino Control Commission (hereinafter "Commission") for licensure as a casino service industry pursuant to N.J.S.A. 5:12-92c. The Division of Gaming Enforcement (hereinafter "Division") then commenced an investigation of the company's suitability for licensure pursuant to Section 76 of the Casino Control Act, N.J.S.A. 5:12-1, et seq. However, during the course of its investigation, the Division and Commission, have encountered a lack of cooperation by the applicant. Specifically, you have failed to respond to requests for information from the Commission, including a November 19, 2009 letter from Christopher D. Storcella, Director, Division of Licensing from the Commission (see attached).

The Casino Control Act mandates that all licensees, registrants and applicants must provide complete and accurate information to the Division and Commission, N.J.S.A. 5:12-80(b) and (d) and -86(b) and must cooperate with the Division and the Commission in the performance of their duties, N.J.S.A. 5:12-78 and -80(d). The failure to cooperate and to provide information, by the company itself or by any individual who has been designated as a qualifier, may, in and of itself, be a basis for denying the company's license application. In addition, as a result of the company's failure to cooperate, the Commission



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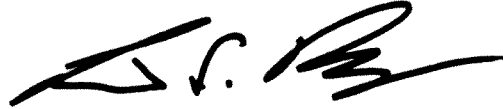


Nickie Duong, Esquire  
Page 2  
December 22, 2009

may enter an order prohibiting the company from doing any business, either directly or indirectly, with casino licensees for a specified period.

Accordingly, the Division hereby requests that you contact the undersigned at **(609) 984-2478** within two weeks of your receipt of this letter to discuss Korn Ferry International's Casino Service Industry License application. Failure to do so will be deemed to constitute a failure to cooperate and will generate a recommendation from the Division that your application be denied. Please be advised that once the Division recommends denial, that recommendation will not be changed, even if you subsequently decide to provide the required information.

Sincerely,

A handwritten signature in black ink, appearing to read 'L.S. Rogacki', with a stylized flourish extending to the right.

Louis S. Rogacki  
Deputy Attorney General

LSR/

Attachment - November 19, 2009 letter from Christopher D. Storcella

CERTIFIED MAIL, RETURN RECEIPT REQUESTED